

Risk Factors Comparison 2024-11-13 to 2023-11-15 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

There are many risks and uncertainties that may affect our operations, performance, development and results. Many of these risks are beyond our control. The following is a description of the important risk factors that may affect our business. If any of these risks were to occur, our business, financial condition or results of operations could be materially adversely affected. Additional risks and uncertainties not currently known to us or that we currently consider to be immaterial may also materially adversely affect our business, financial condition or results of operations. Company Specific Risks Changes in, or failure to comply with, laws and regulations affecting our products and services could have a material adverse effect on our operations and financial performance. Our products and services are subject to regulation under various laws and regulations in each country and jurisdiction in which we operate (see “ Part I, Item 1 — Business — Regulation ”), and adverse legislation or regulations could be adopted in any such country or jurisdiction. If such legislation or regulation is adopted in any particular jurisdiction, we generally evaluate our business in the context of the new rules and determine whether we can continue to operate in that jurisdiction with new or modified products or whether it is feasible to enhance our business with additional product offerings. In any case, if we are unable to continue to operate profitably under the new rules, we may decide to close or consolidate stores, resulting in decreased revenues, earnings and assets. Further, our failure to comply with applicable laws and regulations could result in fines, penalties or orders to cease or suspend operations, which could have a material adverse effect on our results of operations. Negative characterizations of the pawn industry by consumer advocates, media or others could result in increased legislative or regulatory activity, could adversely affect the market value of our publicly traded stock, or could make it harder to operate our business successfully. Many of the legislative and regulatory efforts that are adverse to the pawn industry are the result of negative characterization of the pawn industry by consumer advocacy groups, members of the media or others that focus on the cost of pawn loans or instances of pawn operators purchasing stolen property or accepting it as pawn collateral. We can give no assurance that there will not be further negative characterizations of our industry or that legislative or regulatory efforts to restrict the availability of pawn loans or otherwise regulate pawn operations will not be successful despite significant customer demand for such services. Such efforts, if successful, could have a material adverse effect on our operations or financial performance. Furthermore, negative characterizations of our industry could limit the number of investors who are willing to hold our Class A Common Stock, which may adversely affect its market value; limit sources of the debt or equity financing that we need in order to conduct our operations and achieve our strategic growth objectives; or make it harder for us to attract, hire and retain talented executives and other key Team Members. A significant portion of our U. S. business is concentrated in Texas and Florida. As of September 30, ~~2023~~ **2024**, more than ~~62~~ **63** % of our U. S. pawn stores were located in Texas (~~45~~ **46** %) and Florida (17 %), and those stores account for a significant portion of our revenues and profitability. The legislative, regulatory and general business environment in Texas and Florida has been relatively favorable for our pawn business activities, but a negative legislative or regulatory change in either of those states could have a material adverse effect on our overall operations and financial performance. Further, as discussed below, areas in Texas and Florida where we have significant operations are particularly susceptible to hurricane and tropical storm activity. A significant or sudden decrease in gold values or the volume of gold transactions may have a material impact on our earnings and financial position. Gold jewelry comprises a large portion of the collateral security for our pawn loans and our inventory. PSC, sales proceeds and our ability to liquidate excess jewelry inventory at an acceptable margin are dependent upon gold values and the volume of gold transactions. A decline in the availability of gold or our customers’ willingness or ability to sell us gold or use gold as collateral for pawn loans could impact our business. The impact on our financial position and results of operations of decreases in gold values or volumes or a change in customer behavior cannot be reasonably estimated because the market and customer response to changes in gold values is not known; however, a significant decline in gold values or gold volumes could result in decreases in sales, sales margins, PLO and PSC. Fluctuations in our sales, PLO, sales margins and pawn redemption rates could have a material adverse impact on our operating results. We regularly experience fluctuations in a variety of operating metrics. Changes in any of these metrics, as might be caused by changes in the economic environment, competitive pressures, changes in customers’ tastes and preferences or a significant decrease in gold prices, could materially and adversely affect our profitability and ability to achieve our planned results of operations. Achievement of our growth objectives is dependent upon our ability to open and acquire new stores. Our expansion strategy includes acquiring existing stores and opening de novo store locations. Our acquisition strategy is dependent upon the availability of attractive acquisition candidates, while the success of our de novo store strategy is contingent upon numerous factors that cannot be predicted or controlled, such as the availability of acceptable locations with a desirable customer base, the negotiation of acceptable lease terms, the ability to obtain required government permits and licenses and the existence of a suitable competitive environment. The achievement of our growth objectives is also subject to our ability to attract, train and retain qualified Team Members. Failure to achieve our expansion goals could adversely affect our prospects, future results of operations and future cash flows. We continue to have limited indemnity obligations to AlphaCredit for pre- closing taxes. Under the terms of the Purchase Agreement related to the sale of our 94 %- owned subsidiary, Prestaciones Finmart, S. A. P. I. de C. V., SOFOM, E. N. R. (“ Grupo Finmart”) to Alpha Holding, S. A. de C. V. (“ AlphaCredit ”) in September 2016, we remain obligated to indemnify AlphaCredit for any “ pre- closing taxes ” (i. e., tax obligations arising from the Grupo Finmart business that are attributable to periods prior to the completion of the sale in September 2016). Those obligations continue until the expiration of the statute of limitations applicable to the pre- closing periods. In August 2019, AlphaCredit notified us of a potential indemnity claim for certain pre- closing taxes, but the nature,

extent and validity of such claim has yet to be determined. The final payments from AlphaCredit totaling \$ 8. 0 million were placed into escrow in 2019 pending resolution of the potential indemnity claim. The statute of limitations applicable to most of the pre- closing years has now expired, but AlphaCredit has informed us that they filed an amended return for 2016, which they claim extends the statute of limitations for that year. ~~We were in discussions with AlphaCredit regarding the validity of the indemnity claim, the amount of any continuing exposure and whether some or all of the escrow can now be released. Those discussions have been interrupted due to AlphaCredit's recent emergence from a concurso mercantil (insolvency) proceeding in Mexico with new management. The escrowed funds were not impacted by that proceeding, and we~~ are continuing to pursue release of the funds. One person beneficially owns all of our voting stock and generally controls the outcome of all matters requiring a vote of stockholders, which may influence the value of our publicly traded non- voting stock. Phillip E. Cohen is the beneficial owner of all our Class B Voting Common Stock, and all our publicly traded stock is non- voting stock. Consequently, stockholders other than Mr. Cohen have no vote with respect to the election of directors or any other matter requiring a vote of stockholders except in limited circumstances as required by law. Further, our Bylaws currently provide that the voting stockholder may appoint or remove officers or take any other action that the Board of Directors may take with respect to officers under the Bylaws. The lack of voting rights may adversely affect the market value of our publicly traded Class A Common Stock. Mr. Cohen is a member of our Board of Directors and serves as Executive Chairman. As a member of the Board, Mr. Cohen is entitled to vote on all matters requiring approval of the Board. Our Bylaws currently provide that the presence of all directors shall constitute a quorum for the transaction of business, and that any act of the Board of Directors requires a unanimous approval of all directors. Consequently, Mr. Cohen, as is the case with each of the other directors, has the ability to block actions of the Board. Mr. Cohen has agreed that, as a member of the Board of Directors, he will not participate in any Board vote regarding his position as Executive Chairman. We have a significant firearms business in the U. S., which exposes us to increased risks of regulatory fines and penalties, lawsuits and related liabilities. Some of our stores in the U. S. conduct pawn and retail transactions involving firearms, which may be associated with an increased risk of injury and related lawsuits. We may be subject to lawsuits relating to the improper use of firearms that we sell, including actions by persons attempting to recover damages from firearms retailers relating to misuse of firearms. We may also incur fines, penalties or liabilities, or have our federal firearms licenses revoked or suspended, if we fail to properly perform required background checks for, and otherwise record and report, firearms transactions. Any such actions could have a material adverse effect on our business, prospects, results of operations, financial condition and reputation. Our business is subject to Team Member and third- party robberies, burglaries and other crimes at the store level. The nature of our business requires us to maintain significant cash on hand, loan collateral and inventories in our stores. Consequently, we are subject to loss of cash or merchandise as a result of robberies, burglaries, thefts, riots, looting and other criminal activity in our stores. Further, we could be subject to liability to customers or other third parties as a result of such activities. While we maintain asset protection and monitoring programs to mitigate these risks, as well as insurance programs to protect against catastrophic loss or exposure, there can be no assurance that these crimes will not occur or that such losses will not have an adverse effect on our business or results of operations. Changes in competition from various sources could have a material adverse impact on our ability to achieve our plans. We encounter significant competition from other pawn stores, consumer lending companies, other retailers, online retailers and auction sites, many of which have significantly greater financial resources than we do. Increases in the number or size of competitors or other changes in competitive influences, such as aggressive marketing and pricing practices, could adversely affect our operations. In Mexico, we compete directly with certain pawn stores owned and operated by government affiliated or sponsored non- profit foundations, and the government could take actions that would harm our ability to compete in that market. Our continued profitability and growth plans are dependent on our ability to successfully design or acquire, deploy and maintain information technology and other business systems to support our current business and our planned growth and expansion. The success of our business depends on the efficiency and reliability of our information technology and business systems and related controls, including the point- of- sale system utilized in our store locations. If access to our technology infrastructure is impaired (as may occur with a computer virus, a cyber -attack or other intentional disruption by a third party, natural disaster, telecommunications system failure, electrical system failure or lost connectivity), or if there are flaws in the design or roll- out of new or refreshed technology systems (such as our point- of- sale system), we may be unable to process transactions or otherwise carry on our business in a timely and efficient manner. An infrastructure disruption could damage our reputation and cause us to lose customers and revenue. We consider security risks from multiple viewpoints, including physical security as well as security of infrastructure and databases. As our technology infrastructure continues to evolve from on premise to cloud service providers, we continue to assess the security of such infrastructure, including third party service providers. We invested in Cash Converters International Limited for strategic reasons. Law or regulatory changes in Australia or other jurisdictions in which Cash Converters operates, or other factors, could adversely affect Cash Converters' operating performance, our share of which would be reflected in our own financial statements due to the equity method of accounting. Further, if that operating performance, or other factors, adversely impact the value of Cash Converters' publicly traded stock, then we may be required to impair our investment, as we have done in the past. We own 43. 7 % of the outstanding ordinary shares of Cash Converters, which is a publicly traded company based in Australia. We made the initial investment in November 2009 and have made incremental investments periodically since then. The success of this strategic investment is dependent on a variety of factors, including Cash Converters' s- business performance and the market' s assessment of that performance. In December 2022, the Australian Parliament passed the Financial Sector Reform Bill 2022, which establishes lending limits on small amount credit contracts - ~~The and that~~ bill became effective in June 2023, ~~and could~~. ~~To reflect the expected adversely --~~ **adverse** impact **to its operating results,** Cash Converters **recorded** financial position or results of operations. ~~In response to the new law, Cash Converters recognized~~ a one- time, non- cash impairment expense **during** of AUD \$ 110. 5 million against goodwill in their financial statements for the period ended December 31, 2022 and ~~, based upon our 43. 7 % ownership of Cash Converters at the~~

time, we recorded \$ 32.4 million of our share of ~~that~~ their non-cash goodwill impairment charge during the second quarter of our fiscal 2023. ~~Any additional decline in Cash Converters' operating results resulting from the change of law or other factors could adversely affect our financial performance.~~ We have recorded a number of impairments to the carrying value of our investment in Cash Converters in the past. After an analysis of Cash Converters' stock price performance and other factors, we determined the fair value of our investment in Cash Converters at September 30, ~~2023~~ 2024 was greater than its carrying value. See Note ~~5-3~~: Strategic Investments of Notes to Consolidated Financial Statements included in " Part II, Item 8 — Financial Statements and ~~Supplemental~~ **Supplementary** Data." If the fair value of our investment declines and we determine that such decline is other- than- temporary, we may be required to further impair our investment and recognize the related investment loss, which would adversely affect our results of operations and financial position in the period of impairment. Furthermore, there can be no assurance that we will be able to dispose of some or all of our investment in Cash Converters on favorable terms, should we decide to do so in the future. Our ability to recover our investments in other companies (such as our indirect investment in Simple Management Group, Inc. and our investment in Rich Data Corporation) is heavily dependent on the success and performance of those companies, including their respective ability to obtain further debt or equity financing. We have certain investments in other companies. See Note 1: Organization ~~and~~ **And** Summary of ~~Of~~ Significant Accounting Policies — Investments of Notes to Consolidated Financial Statements included in " Part II, Item 8 — Financial Statements and ~~Supplemental~~ **Supplementary** Data." Our ability to recover our investment in these companies is heavily dependent on their success and performance, potentially including their ability to obtain further debt or equity financing. To the extent that any of such companies ~~is~~ **are** not successful, we may be required in future periods to impair our investment and recognize related investment losses. We may incur property, casualty or other losses, including losses related to natural disasters such as hurricanes, earthquakes and volcanoes. Not all such losses will be covered by insurance. We maintain a program of insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain vary from time to time, depending on availability, cost and our decisions with respect to risk retention. The policies are subject to deductibles and exclusions that result in our retention of a level of risk on a self- insurance basis. Losses not covered by insurance could be substantial and may increase our expenses, which could harm our results of operations and financial condition. We have significant operations located in areas that are susceptible to hurricanes (notably the Atlantic and Gulf Coast regions of Florida, the Gulf Coast regions of Texas including Houston, as well as Mexico and Central America). Certain areas of our operations are also susceptible to other types of natural disasters such as earthquakes, volcanoes and tornadoes. As noted above, not all physical damage that we incur as a result of any such natural disaster will be covered by insurance due to policy deductibles and risk retentions. In addition, natural disasters could have a significant negative impact on our business beyond physical damage to property, including a reduction of our PLO, inventory, pawn service charges and merchandise sales. Only limited portions, if any, of those negative impacts will be covered by applicable business interruption insurance policies. As a result, geographically isolated natural disasters could have a material adverse effect on our overall operations and financial performance. Goodwill comprises a significant portion of our total assets. We assess goodwill for impairment at least annually, which could result in a material, non- cash write- down and could have a material adverse effect on our results of operations and financial conditions. The carrying value of our goodwill was \$ ~~302-306~~ **45** million, or approximately 21 % of our total assets, as of September 30, ~~2023~~ 2024. We test goodwill and intangible assets with an indefinite life for potential impairment annually, or more frequently if an event occurs or circumstances change that would more- likely- than- not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, a change in strategic direction, legal factors, operating performance indicators, a change in the competitive environment, the sale or disposition of a significant portion of a reporting unit, or future economic factors such as unfavorable changes in the estimated future discounted cash flows of our reporting units. When performing our annual test of goodwill for impairment in the fourth quarter, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more- likely- than- not that the estimated fair value of a reporting unit is less than its carrying amount. If we elect to perform a qualitative assessment and determine an impairment is more- likely- than- not, we are then required to perform a quantitative impairment test; otherwise, no further analysis is required. We also may elect not to perform a qualitative assessment and, instead, proceed directly to a quantitative impairment test. When performing a quantitative impairment test, we apply a one- step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit' s carrying amount over its fair value, not to exceed the total amount of goodwill allocated to that reporting unit. When we perform a quantitative goodwill impairment test, we estimate the fair value of the reporting unit using an income approach based on the present value of expected future cash flows, including terminal value, utilizing a market- based weighted average cost of capital (" WACC ") determined separately for each reporting unit. The determination of fair value involves the use of estimates and assumptions, including revenue growth rates, operating margins and terminal growth rates discounted by an estimated WACC derived from other publicly traded companies that are similar but not identical to us from an operational and economic standpoint. We use discount rates that are commensurate with the risks and uncertainties inherent in the respective businesses and in our internally developed forecasts. See Note 1: Organization and Summary of Significant Accounting Policies and Note ~~8-6~~: Goodwill and Intangible Assets of Notes to Consolidated Financial Statements included in " Part II, Item 8 — Financial Statements and ~~Supplemental~~ **Supplementary** Data" for a discussion of our annual impairment tests performed for goodwill and indefinite- lived intangible assets. The conversion feature of our convertible notes, if triggered, may adversely affect our financial condition and operating results. We have ~~outstanding~~ a total of \$ ~~367-333~~ **84** million of convertible notes **outstanding as of September 30, 2024**. See Note ~~9-7~~: Debt of Notes to Consolidated Financial Statements included in " Part II, Item 8 — Financial Statements and Supplementary Data." If the conversion feature of any of those convertible notes is triggered, holders will be entitled to convert the notes at their option at any time during specified periods. If one or more holders elect to convert their notes, we may be required, or may choose, to settle the obligation through the payment of cash, which

could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the convertible notes as a current rather than long- term liability, which would result in a material reduction of our net working capital. Conversion of our convertible notes into stock may dilute the ownership interests of existing stockholders or may otherwise depress the price of our Class A Common Stock. If it were to occur, the conversion of convertible notes would dilute the ownership interests of existing stockholders to the extent we deliver shares of Class A Common Stock upon conversion. Any sales in the public market of such shares could adversely affect prevailing market prices of our Class A Common Stock. In addition, the existence of the convertible notes may encourage short selling by market participants because the conversion of such notes could be used to satisfy short positions, or anticipated conversion of the notes into shares of our Class A Common Stock could depress the price of our Class A Common Stock. We have a limited number of unreserved shares available for future issuance, which may limit our ability to conduct future financings and other transactions and our ability to offer equity awards to management. Our certificate of incorporation currently authorizes us to issue up to 100 million shares of Class A Common Stock. Taking into consideration the shares that are issued and outstanding, as well as the shares that have been reserved for issuance pursuant to convertible notes, outstanding equity incentive compensation awards and the conversion of the Class B Common Stock, we had approximately ~~37.0~~ 7.0 million shares of authorized Class A Common Stock available for other uses as of September 30, ~~2023~~ 2024. We expect that number will be reduced to ~~27.1~~ 0 million following the issuance of currently approved Long- Term Incentive awards in November ~~2023~~ 2024. Therefore, our ability to issue shares of Class A Common Stock (other than pursuant to the existing reserved- for commitments), or securities or instruments that are convertible into or exchangeable for shares of Class A Common Stock, may be limited until such time additional authorized, unissued and unreserved shares become available or unless we determine we are unlikely to issue all of the shares that are currently reserved. During this time, for example, our ability to complete equity or equity- linked financings or other transactions (including strategic acquisitions) that involve the issuance or potential issuance of Class A Common Stock may be limited. Further, our ability to offer equity- based compensation to our management team may also be limited, which could adversely affect our ability to align management' s incentives with stockholders or attract and retain key management personnel. General Risks Public health issues could adversely affect our financial condition, results of operations or liquidity. Our business may be impacted by public health issues, such as COVID- 19, other pandemics and the spread of contagious diseases. Such public health issues, and the government and consumer responses thereto, may (i) limit our ability to supply products and services to our customers as a result of store closures, reduced access to or foot traffic in our stores, or labor shortages, (ii) adversely affect the demand for our products and services or (iii) cause other unforeseen negative developments. Any of these factors may adversely affect our financial condition, results of operations or liquidity. We have significant operations in Latin America, and changes in the business, regulatory, political or social climate could impact our operations there, which could adversely affect our results of operations and growth plans. We own and operate a significant number of pawn stores in Latin America (primarily Mexico, but also Guatemala, El Salvador and Honduras). Further, our growth plans include potential expansion in some of those countries as well as potentially other countries in Latin America. Doing business in those countries exposes us to risks related to political instability, corruption, economic volatility, drug cartel and gang- related violence, social unrest including riots and looting, tax and foreign investment policies, public safety and security concerns and uncertain application of laws and regulations. Consequently, actions or events in any of those countries that are beyond our control could restrict our ability to operate there or otherwise adversely affect the profitability of those operations. Furthermore, changes in the business, regulatory or political climate in any of those countries, or significant fluctuations in currency exchange rates, could affect our ability to expand or continue our operations there, which could have a material adverse impact on our prospects, results of operations and cash flows. For a description of the current regulatory environment in the Latin American countries in which we operate, see “ Mexico Regulations ” and “ Other Latin America Regulations ” under “ Part I, Item 1 — Business — Regulation. ” A significant change in foreign currency exchange rates could have a material adverse impact on our earnings and financial position. We have foreign operations in Latin America (primarily Mexico, but also Guatemala, El Salvador and Honduras) and an equity investment in Australia. Our assets and investments in, and earnings and dividends from each of these countries must be translated to U. S. dollars from their respective functional currencies. A significant weakening of any of these foreign currencies could result in lower assets and earnings in U. S. dollars, resulting in a potentially material adverse impact on our financial position, results of operations and cash flows. Litigation and regulatory proceedings could have a material adverse impact on our business. We are currently subject to various litigation and regulatory actions, and additional actions could arise in the future. Potential actions range from claims and assertions arising in the ordinary course of business (such as contract, customer or employment disputes) to more significant corporate- level matters or shareholder litigation. All of these matters are subject to inherent uncertainties, and unfavorable rulings could occur, which could include monetary damages, fines and penalties or other relief. Any unfavorable ruling or outcome could have a material adverse effect on our results of operations or could negatively affect our reputation. Under our certificate of incorporation, we are generally obligated to indemnify our directors and officers for costs and liabilities they incur in their capacity as directors or officers of the Company. Consequently, if a proceeding names or involves any of our directors or officers, then (subject to certain exceptions) we are generally obligated to pay or reimburse the cost or liability such director or officer incurs as a result of such proceeding (including defense costs, judgments and amounts paid in settlement). We maintain management liability insurance that protects us from much of this potential indemnification exposure, as well as potential costs or liabilities that may be directly incurred by the Company in some cases. However, our insurance coverage is subject to deductibles and there may be elements of the costs or liabilities that are not covered under the insurance policies. In addition, to the extent our ultimate liability in any such proceeding (or any combination of proceedings that are included in the same policy year) exceeds the management liability policy limits, our results of operations and financial condition could be adversely affected. Our acquisitions, investments and other transactions could

disrupt our ongoing business and harm our results of operations. In pursuing our business strategy, we routinely conduct discussions, evaluate opportunities and enter into agreements regarding possible acquisitions, investments and other transactions. These transactions may involve significant challenges and risks, including risks that we may not realize the expected return on an acquisition or investment, that we may not be able to retain key personnel of an acquired business, or that we may experience difficulty in integrating acquired businesses into our business systems and processes. If we do enter into agreements with respect to acquisitions, investments or other transactions, we may fail to complete them due to inability to obtain required regulatory or other approvals or other factors. Furthermore, acquisitions, investments and other transactions require substantial management resources and have the potential to divert our attention from our existing business, and there are inherent risks in integrating and operating any acquired business. These factors could harm our business and results of operations. We may be exposed to liabilities under applicable anti-bribery, anti-corruption, anti-money laundering and other general business laws and regulations, and any determination that we violated these laws or regulations could have a material adverse effect on our business. We are subject to various anti-bribery and anti-corruption laws that prohibit improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business, including the Foreign Corrupt Practices Act in the U. S. and the General Law of Administrative Responsibility in Mexico. We are also subject to various laws and regulations designed to prevent money laundering or the financial support of terrorism or other illegal activity, including the USA PATRIOT Act and the Bank Secrecy Act in the U. S. and The Federal Law for the Prevention and Identification of Transactions with Funds From Illegal Sources in Mexico. See “ Part I, Item 1 — Business — Regulation. ” Further, our business is expanding in countries and regions that are less developed and are generally recognized as potentially more corrupt business and political environments. While we maintain controls and policies to ensure compliance with applicable laws and regulations, these controls and policies may prove to be less than effective. If Team Members, agents or other persons for whose conduct we are held responsible violate our policies, we may be subject to severe criminal or civil sanctions and penalties, and we may be subject to other liabilities that could have a material adverse effect on our business, results of operations and financial condition. Changes in our liquidity and capital requirements or in access to capital markets or other financing and transactional banking sources could limit our ability to achieve our plans. A significant reduction in cash flows from operations or the availability of debt or equity financing could materially and adversely affect our ability to achieve our planned growth and operating results. Our ability to obtain debt or equity financing, including the possible refinancing of existing indebtedness, will depend upon market conditions, our financial condition and the willingness of financing sources to make capital available to us at acceptable rates and terms. The inability to access capital at acceptable rates and terms could restrict or limit our ability to achieve our growth objectives, which could adversely affect our financial condition and results of operations. Our access to transactional banking services, as well as international wire services between certain countries, is an ongoing business requirement. Inability in accessing or maintaining transactional banking or wire services could lead to increased costs or the inability to efficiently manage our cash as we would be required to seek alternative banking services or obtain services from several regional or local retail banks. We collect and store a variety of sensitive customer information, and breaches in data security or other cyber-attacks could harm our business operations and lead to reputational damage. In the course of conducting our business, we collect and store on our information technology systems a variety of information about our customers, including sensitive personal identifying and financial information. We may not have the resources or technical expertise to anticipate or prevent rapidly evolving types of cyber-attacks. Attacks may be targeted at us, our service providers, our customers or others who have entrusted us with information. Actual or anticipated attacks may cause us to incur increased costs, including costs to hire additional personnel, purchase additional protection technologies, train Team Members and engage third-party experts and consultants. Advances in computer capabilities, new technological discoveries or other developments may result in the technology we use to protect data being breached or compromised. In addition, data and security breaches can occur as a result of non-technical issues, including breach by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. We could be subject to fines, penalties and liabilities if any such information is misappropriated from our systems or we otherwise fail to maintain the security and confidentiality of such information. Further, any such data security breach could cause damage to our reputation and a loss of confidence in our data security measures, which could adversely affect our business and prospects. We may face business interruptions or other adverse effects on our operations and growth. Our business and operations could be subject to interruption or damage due to inclement weather, natural disaster, power loss, acts of violence, terrorist attacks, war, civil unrest or similar events. Further, we may experience information technology or other business systems disruptions. Such events could impair our customers' access to our business, impact our ability to expand or continue our operations or otherwise have an adverse effect on our financial condition. We face other risks discussed under “ Part II, Item 7A — Quantitative and Qualitative Disclosures about Market Risk. ”

ITEM 1C. CYBERSECURITY Cybersecurity Risk Management and Strategy We face various cybersecurity risks, including those related to unauthorized access to and misuse of data, system interruptions, ransomware, malicious software and other threats. Our cybersecurity program incorporates information technology, retail technology and customer products designed to mitigate cyber risks. Our security measures are customized to meet our unique business requirements and encompass firewalls, intrusion detection and prevention systems, encryption and multi-factor authentication. We also engage external experts to enhance and assess our cybersecurity measures in the form of maturity assessments, incident response, penetration testing and other advisory services. We adhere to the practices and standards outlined by the National Institute of Standards and Technology Cyber Security Framework. We employ continual monitoring of our systems and data, managed by an external detection and response firm. In the event of a cyber incident, we maintain an incident response plan coordinated across multiple departments. This strategy is designed for rapid and effective incident management to minimize operational disruption. Our response protocol includes steps for detection, containment, eradication, recovery and post-incident review, including impact on safety, data loss, operational

disruption, cost and potential reputational damage. Recognizing our employees as a vital defense mechanism, we provide cybersecurity, privacy and information-handling training. Additionally, we conduct regular phishing exercises to enhance employee vigilance. Our educational programs aim to raise awareness about cyber risks and teach employees to safeguard the Company, our customers and themselves against cyber threats. These programs inform our workforce about the latest cybersecurity dangers and safe online practices, including secure access, phishing awareness, remote work security and reporting suspicious activities. Cybersecurity Governance and Oversight Our cybersecurity governance framework is structured to promote accountability and ongoing enhancement of cybersecurity measures. Management of the cybersecurity program involves cross-functional resources, our Cyber and Technology Risk Committee, an internal multi-departmental committee formed to address cyber and data privacy matters. The cybersecurity program is led by our Chief Information Security Officer (“CISO”) who reports to the Chief Legal Officer. The Internal Audit Department monitors and reviews our cybersecurity initiatives. The Board of Directors is responsible for overseeing and monitoring the material risks facing the Company. The Audit and Risk Committee of the Board is charged with overseeing our risk management framework, including cybersecurity risks. The CISO reports directly to the Audit and Risk Committee on cybersecurity risks on a quarterly basis. To date, we have not identified any cybersecurity threats or incidents that have had or are likely to have a material impact on our business, financial condition or results of operations. Nonetheless, the escalation of cybersecurity threats poses a risk to our systems, networks and products and services, which, despite our efforts to mitigate these risks, may not protect against all incidents. For a detailed discussion on how cybersecurity risks could materially impact our business, see “Part I, Item 1A — Risk Factors.”